



FREQUENTLY ASKED QUESTIONS ABOUT THE *EMERGING MARKETS PROGRAM*

What is the Emerging Markets Program?

The Emerging Markets Program provides funding for technical assistance activities that promote, enhance or expand the export of U.S. agricultural commodities to overseas emerging markets. Technical assistance is defined quite broadly, and includes such activities as feasibility studies, market research, sectorial assessments, orientation visits, specialized training, business workshops, and the like. The emphasis of the program is market development, both long-term and short-term. It is administered by USDA's Foreign Agricultural Service.

Is there a set list of emerging market countries that are eligible?

No. We apply the general definition in the legislation authorizing the Program and additional administrative criteria to determine which countries qualify as emerging markets. The most important criteria is the World's Bank's income threshold for upper middle income countries. Because this figure varies from year to year, we have not cemented in a list of countries. Also, there are a few countries which may be of interest to potential U.S. exporters, but because of political sensitivities require special consideration and consultation within the U.S. government before any Program funds could be used.

How much money is available under the Program?

The Program has \$10 million authorized annually from the funds of the Commodity Credit Corporation. This amount is available automatically every fiscal year from now through the term of the current Farm Bill (fiscal year 2002).

What kinds of organizations are eligible to apply for funding assistance?

The Program is available to both private and government organizations in agriculture.

All private U.S. agricultural organizations--non-profit, for-profit, trade associations, universities, consultant groups (under certain conditions), etc.--may apply to the Program. Private organizations must be able to justify a need for financial assistance, which means that, as a general rule, the Program is intended for small- to medium-sized firms.

State departments of agriculture are also eligible but are considered private sector for purposes of the application process.

Government is defined as federal. Most federal agencies which receive assistance from the Program are in USDA largely because of the nature of the Program, i.e., agricultural exports and market development. Other agencies outside of USDA may apply if the objectives of an intended project match up well with the Program's legislative mandate.

Foreign organizations, whether government or private, are not eligible.

Are there any minimum requirements that must be met before a proposal is considered qualified for Program funding?

Definitely. There are, in fact, three things that every private sector proposal must contain before it can qualify for funding under the Program:

1. *Cost-share.* This the amount of funding U.S. private organizations are willing to commit from their own resources along with those of the Program to seek export business in an emerging market. No proposal will be considered without the element of cost-sharing, regardless of the underlying value of a proposal (the Emerging Markets Program complements, not supplants, export efforts of the U.S. private sector). We don't specify a minimum or maximum of cost share. Rather, we use the degree of commitment to a proposed project represented by the percentage and type of private funding as critical factor in determining which proposals should be funded under the Program. We also don't specify the type of cost-sharing. It may be professional time of staff assigned to the project, or actual cash investment. But proposals in which private industry is willing to commit actual funds, rather than in-kind items such as existing staff resources, are given greater weight. Contributions from foreign sources do not count.

Cost-sharing is not required for government proposals, but it is required from private organizations who are party to a joint government/private proposal.

2. *Market Analysis and Statement of Specific Benefit(s) to U.S. Exports.* This is a brief underlying analysis of the target market which supports the objectives of the proposed project and the benefits that can be expected to accrue to U.S. commodity exports as a result of successful completion of the project.
3. *Justification for Federal Funding.* Why is funding from the Program required? What specifically could not be accomplished if the funding were not provided?

For other criteria and additional details that should be included in each application, see the section on "Applications" in the Program Guidelines.

How are projects and activities funded?

Funding is on a project-by-project basis. Funds are provided through one of three channels:

1. *Solicitation and Competitive Review.* This is the principal means of funding private sector proposals. An open solicitation period, usually available once a year, is announced in the *Federal Register* and on the Program's Internet web site. Proposals received by the deadline stated in the announcement undergo a multi-level review to determine qualifications, quality and appropriateness, project budgets, etc.

For government proposals, this may be done at any time during the fiscal year, subject to the availability of funds.

There are also specialty funds established for particular needs which may also be used for approved projects depending upon circumstances:

2. *Quick Response Marketing Fund.* This fund is used to address priority marketing problems that arise because of unforeseen events (market conditions in emerging markets are often less predictable than in more developed countries). It allows improved responsiveness to time-sensitive marketing opportunities, such as the lifting of a sanitary or phytosanitary trade barrier; a change in an import regime or the removal of a trade embargo; an unexpected, significant purchase of a commodity; an unusual change in the political or financial situation in a country; or a significant change in crop conditions--any of which may have an immediate impact on the access of particular commodities to specific markets. There are several ways the Program's resources could be used to address these problems through the fund. Consult the Program Guidelines for details.
3. *Technical Issues Resolution Fund.* This fund is reserved for addressing priority sanitary or phytosanitary trade issues such as plant quarantine, animal health, food safety, and other technical barriers to U.S. exports based on unsound or incomplete scientific information. Priority issues are determined by a review process that includes FAS and relevant regulatory agencies. Again, consult the Program Guidelines for additional information on how to apply to this fund (application requirements are slightly different than for either the regular funding channel or the Quick Response Marketing Fund).

Are there any priority subjects that are considered more appropriate for the Program than others?

Actually, yes. While we allow private industry to determine specific target markets, priority commodities, or preferred export activities, we place a higher priority on certain types of technical assistance activities that are particularly appropriate for the Program. For example:

- Marketing and distribution of value-added products, including new products or uses;
- Studies of food distribution channels in emerging markets, including infrastructural impediments to U.S. exports;
- Projects that specifically address various constraints to U.S. exports, including food safety/sanitary and phytosanitary issues and other non-tariff barriers;
- Assessments and follow up activities designed to improve country-wide food and business systems, to reduce trade barriers, and to increase prospects for U.S. trade and investment in emerging markets;
- Projects that help foreign governments to collect and use market information and to develop free trade policies that benefit American exporters as well as the target country or countries (*this is usually more appropriate for government agencies to address*);
- Short-term training in agriculture and agribusiness trade, including retail training, that will benefit U.S. exporters, e.g., seminars and training at trade shows designed to expand the potential for U.S. agricultural exports by focusing on the trading system.

There is a lot more detail contained in the Program Guidelines.

Are all commodities eligible?

All except tobacco.

What about ineligible activities, or specific funding restrictions?

There are both. Rather than go into all the details here, we strongly recommend that you read the Program Guidelines for this and much other information, which you will need to know before you decide to apply to the Program.